

**Iowa Power Fund Board Meeting Minutes**

**October 23, 2007**

**Iowa Utilities Board Hearing Room  
350 Maple St  
Des Moines, Iowa**

**Board and Due Diligence Committee Members\* Present**

**Fred Hubbell (Chair)**, Public, Appointed by Governor, Des Moines  
**Glenn Cannon**, Public, Appointed by Governor, Waverly  
**Peter Hemken**, Public, Appointed by Governor, Des Moines  
**Carrie La Seur**, Public, Appointed by Governor, Mount Vernon  
**Patricia Higby**, Public, Appointed by Governor, Cedar Falls  
**Thomas Wind**, Public, Appointed by Governor, Jefferson  
**John Norris**, IA Utilities Boards, Agency Director, Des Moines  
**Mike Tramontina**, IA Department of Economic Development, Agency Director, Des Moines  
**Tommi Makila for Rich Leopold**, IA Department Natural Resources, Agency Director, Des Moines  
**Susan Fenton for Bill Northey**, IA Department of Agriculture and Land Stewardship, Secretary, Des Moines  
**Senator Hubert Houser**, IA Sen. Min. Caucus, Ex-officio non-voting, Carson  
**Senator Roger Stewart**, IA Sen. Maj. Caucus, Ex-officio non-voting, Preston  
**Representative Chuck Soderberg**, IA House Min. Caucus, Ex-officio non-voting, LeMars  
**Representative Nathan Reichert**, IA House Maj. Caucus, Ex-officio non-voting, Muscatine  
**MJ Dolan**, IA Association of Community Colleges Trustees, Ex-officio non-voting, Des Moines  
**Kent Henning**, IA Private College, Ex-officio non-voting, Des Moines  
**Andy Baumert for Gregory Geoffroy**, IA Board of Regents, Ex-officio non-voting, Ames  
**Lucy Norton**, Public, Appointed by Governor, Clive  
**\*Vern Gebhart**, Public, Appointed by OEI, Marion  
**\*Franklin Codel**, Public, Appointed by OEI, West Des Moines

**Members of Board and Due Diligence Committee Members\* Not Present**

**\*Ted Crosbie**, Public, Appointed by OEI, Earlham  
**\*Curt Hunter**, IA Board of Regents, Appointed by OEI, Coralville  
**\*Floyd Barwig**, Iowa Energy Center, Appointed by OEI, Ames

**Approval of Minutes:**

Board approved minutes for the 9/26/07 and the 10/08/07 Board meetings.

**Chair Remarks:**

Floyd Hubbell thanked the committees for all their work in the past few weeks. There has been great progress made in this process.

**Directors Remarks:**

There have been two public forums held. There were approximately 50 attending the Des Moines forum held on October 18, 2007. There were approximately 80 at the Iowa City forum held on October 22. There have been many good comments and discussions at these forums. Public comments are also coming in electronically and in writing. All comments received will be sorted into various themes and compiled into a summary report which will be given to all board members.

Roya introduced Brian Crowe to the Board members. Brian is the first permanent member of the OEI staff.

Roya reviewed Board member and designee contact information form distributed to all Board members. This information will be emailed to you and then updating our records for your verification.

**Public Forum Comments:**

Floyd Hubbell asked for Board comments/suggestions on the public forums that were held in Des Moines and Iowa City.

Vern Gebhart expressed his surprised at the negativity expressed regarding ethanol at these meetings.

Pat Higby commented that the attendees seemed to really appreciated being able to voice their opinions. It was suggested that this process be kept of for the future as well. Representative Reichert and Senator Stewart backed up this these thoughts.

Representative Soderberg asked that all the comments received at these meetings and written comments be made available to all Board members. Roy responded that these comments will be transcribed and be available sometime the first week in November.

Roy updated the Board on the status of doing an ICN public forum later in November. The scheduling of this ICN forum is still in the works.

### **Public Comments:**

#### **Norman Reese, Frontline Bioenergy.**

Frontline Bioenergy is a technology development company in Ames. Our focus is converting biomass into a natural gas substitute. We would like to Board to consider what can be done to further expand the biomass effort. Biomass is a key resource in Iowa and we encourage you to investigate out how to use that resource in the best manner.

### **Draft Rules Review:**

Julie Pottorff briefly discussed the preamble of intended action with the Board. Fred Hubbell raised the questions as to whether the statute authorizes us to charge a fee. This is different then assessing a fee for everyone who applies. This requires it as a part of the application. I think you can shift that cost to the applicant.

The question was posed by Pat Higby as to whether it was the intent of the legislature to use part of the \$25 million for technical expertise when needed? General consensus of legislatures was that if the Board needed to hire technical expertise the funds could be used to do so. Julie Pottorff pointed out that through discussion with general counsel in the Governor's office it was concluded that you could not use the \$25 million given the restriction on the appropriation. Shifting it to the applicant was one way to solve the budget problem. This is something that could be changed in the legislative session.

Section 3.2(2) Item F: The last sentence in this section was changed to read; *The committee may recommend a proposal as written or on a conditional basis, or recommend that a proposal be rejected.* This makes it clear that proposals can be recommended as written.

Section 3.4(1) Revised: The definition of conflict of interest was broadened to satisfy the statutory requirements.

Section 3.4(2) Item B: Revised: That the conflict be disclosed in an oral disclosure at the meeting with a written statement afterward.

Section 3.4(2) Item C: Conflict interest has been expanded from not only voting but to include prohibiting participating in the discussion as well. The expansion of this section was due to a concern that if you have a conflict that restricts you from voting, but allowed to participate in the discussion you are not able to tell if the conflict has affected the views of the Board as a whole. The implication from case law is if you have a conflict you do not discuss that particular project.

Section 4.1: The changes here were mainly primarily formatting and breaking down the various line item purposes. We included language that individuals need not meet all these purposes.

Section 4.4(2) Deletion of the line; *if money received by the fund is less than the amount appropriated such amount will be prorated proportionately.* We shouldn't restrict decisions about how to allocated the funds. Leave that open to be decided according to the merits of the project.

Section 4.4(4) There was an addition of the last sentence; *The Department of Economic Development shall report annually to the Board on use of these funds.*

Section 4.5: We have added some language in an attempt to be as inclusive as possible for all projects that have potential for significant Iowa impacts. The edit reads; *Applicants must have a significant Iowa presence, co-applicant or principal investigator in Iowa to be eligible to apply. Proposals must demonstrate potential for significant impact in Iowa. An Applicant or group of applicants may submit an application for assistance from the fund.*

There was general Board discussion on definition of "significant impact in Iowa". The third to last sentence was revised to read; *Entities conducting, proposing, or partnering to conduct business, research or programs in Iowa*

*are eligible to apply.* It was decided to remove the second to last sentence; *Proposals must demonstrate potential for significant impact in Iowa.*

Section 4.6: There was significant updates in this section. The criteria have been broken down to three areas. Those areas are; General, Research, Commercialization, and Education.

Through board discussion the first introductory sentence will be deleted; *The committee and the board will consider all applications that would contribute to attaining the statutory goals of the fund.*

Section 4.6(3) Item d will be moved to 4.6(1) as a new item E so it will apply to all proposals.

Add new 4.6(5) Which will read; *Undesignated Criteria. In addition to general criteria in 4.6(1) applicants seeking funding for undesignated projects must include information on how the project contributes to statutory goals.*

Section 4.7(2) The second and third sentences should be combined to read; *Generally, funds awarded by the board may not be used to fund the purchase of land or buildings and no more than ten percent of the funds awarded per application may be used for administrative costs.*

Section 4.8: This section has been broken down into three sections. Those sections are; The Pre-application, Full application, and Technical, scientific and/or financial review.

Section 4.8(4) Applications shall be accepted by the office or board on an ongoing basis. Review times will vary due to complexity and diversity of applications.

Section 4.8(5) Moved to 4.5 for consistency.

Section 4.8(1) Item a, b, and c will be deleted. The following sentence will be added to the end of the pre-application paragraph: *The director and committee shall review pre-applications and request full applications for those projects that appear to meet eligibility criteria and statutory goals of the fund.*

Section 4.8(4) The staff may refer proposals to other agencies for review as appropriate.

Section 4.9 number 1. Revised to: *Documentation that the applicant meets the eligibility criteria state in 350-rule 4.5 and 4.6*

Section 4.9 number 3: Revised to: *A description of proposed project, including all sources and uses of funding, amount requested, and an identification of the community or location for the project.*

Section 4.9 number 5: Revised to: *A business plan, schedule of work or equivalent, that describes the applicant's current operations and future plans.*

Section 4.9 number 10: Remove from rule.

Section 4.10(2) Item c revised to: *May require a match of available financial resources for commercialization proposals.*

Section 4.10(2) Item d revised to: *May give weight to available financial resources for research, education, or undesignated proposals.*

### **Applications Committee Report:**

Board provided an initial review of handout provided by the applications committee. The OEI staff will review for compliance with the rules and call a meeting of the applications committee if needed before the November 9 board meeting. Board guidance will be needed regarding multi-year loans. Definitions will need to be discussed for commercialization, research, education and miscellaneous project. Discussion of this report will be the main point of focus at the November 9 board meeting.

### **Planning Committee Report:**

Tom Wind distributed information that was gathered regarding energy plans in other states. The committee will look into the possibility of updating the 2004 Energy Plan published by the DNR.

**Due Diligence Committee Report:**

The Due Diligence Committee will meet the fourth Wednesday of every month starting in January, 2008. We have a base organizational plan and will be moving forward.

**Final Review of Draft Rules:**

The board performed a final review of draft rules. A motion to approve draft rules was made by Glen Cannon. Seconded by Lucy Norton. Motion carried.

**Mission Statement:**

Tom Wind suggested that the mission statement that came out of the LEAN event should be discussed and voted on by the Board. This will be placed on the agenda for the November 9 board meeting.

**Board Meeting Schedules:**

Fred Hubbell asked board members to please bring calendar information to the November 9 board meeting. There will need to be further work on the board meeting schedule for 2008. This will be placed on the agenda for the November 9 board meeting.